

Creative Solutions for Maintaining Growth in Changing Marketing Environments

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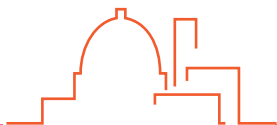
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Session goals

1. Why a changing market requires creative thinking
2. Program history
3. Changes we've seen
4. What's been consistent
5. Managing change through tracking
6. Review of top performing channels
7. Questions



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Perspectives - Why We Care About Change

“Nothing Endures But Change” – Heraclitus 540 BC”

- The market keeps moving.
- Every time I start to think that we’ve got it all figured out ..
 - Whack!
 - Something changes



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Program history

1. Introduced in 97
2. Rapidly escalated to the 1% threshold and stalled 98-99
3. Product sent back to marketing for redesign in 1999
4. Redeployed in July 2000 - flat rate pricing, 40% match
5. Adding new customers steadily ever since (44% average)
6. US EPA Beacon Award winner '03 - Starbucks Promo
7. Green-e Certified
8. Top 10 - NREL 03, '04 in all four categories

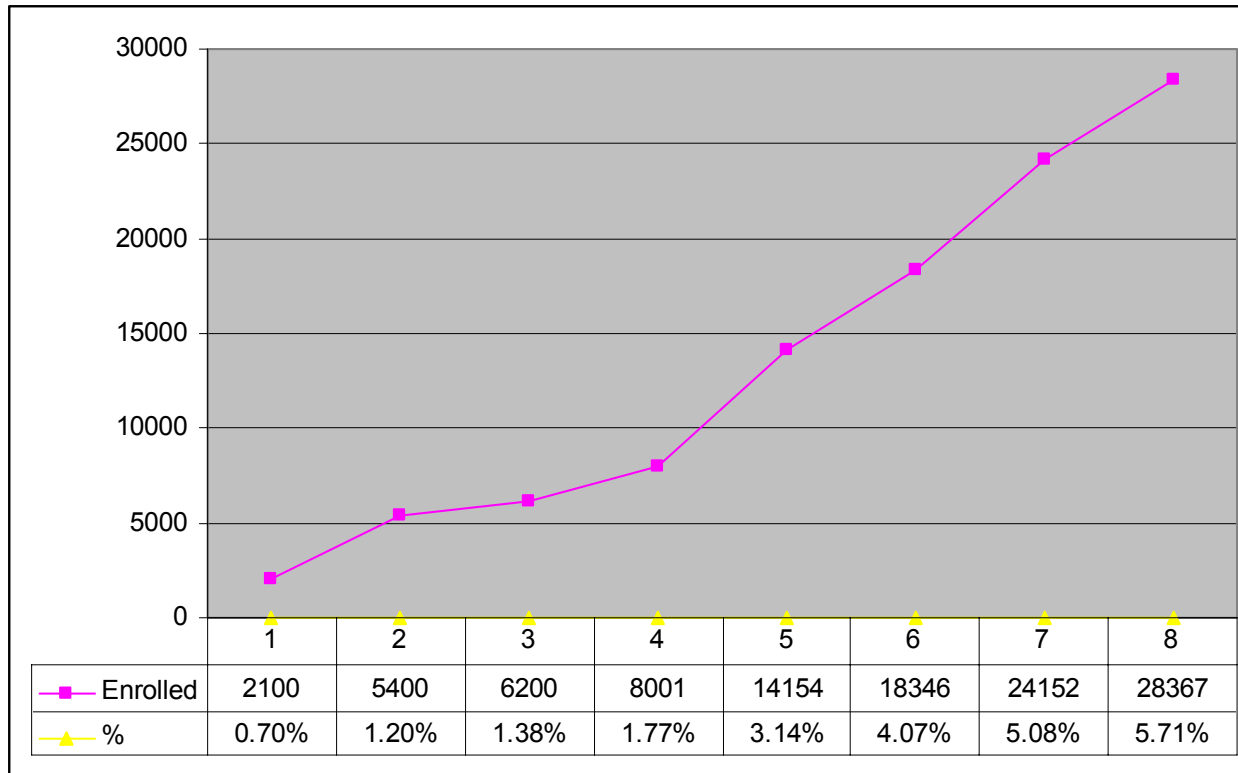


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Residential Enrollment



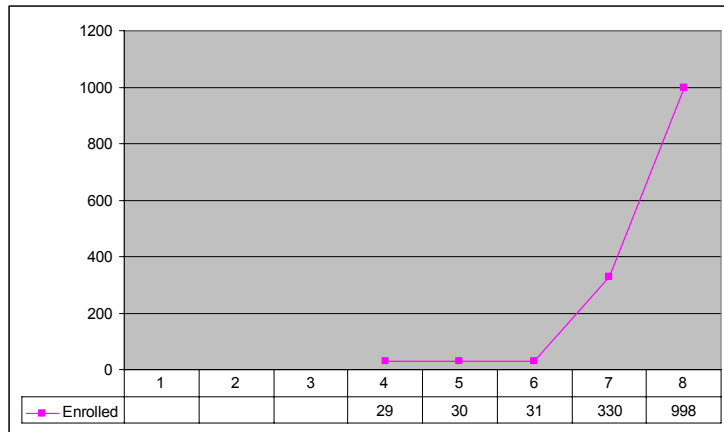
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Commercial Enrollment

- Commercial account sales teams drive enrollment
- 100% green for a penny per kWh or 50% green for a half penny per kWh

[illegible][illegible]**SMUD**

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What's Changing

1. Most effective medium
2. Most effective message/appeal
3. Most effective sales channel
4. Average cost per sale



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What's Been Consistent

1. Churn rates remain low
2. Production level affects response - more isn't always better
3. Marketing budgets



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Tracking – Our Key to Managing Change

- Sales results are tracked weekly and shared with everyone on our team
- Team reviews all tactics to determine if they are direct response or awareness oriented
 - Different metrics
- Data slices
 - Cost per sale/impression
 - Enrollment channel
 - Campaign



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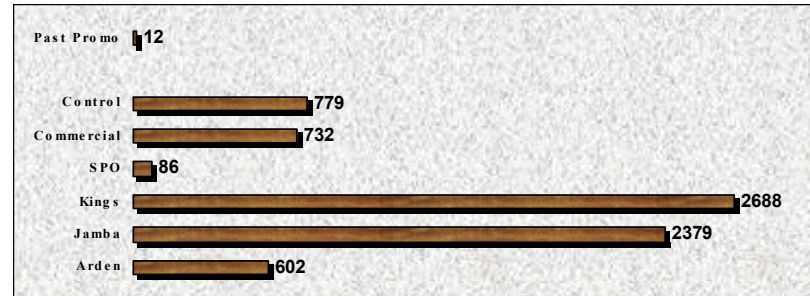
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Tracking Form - Summary Sections

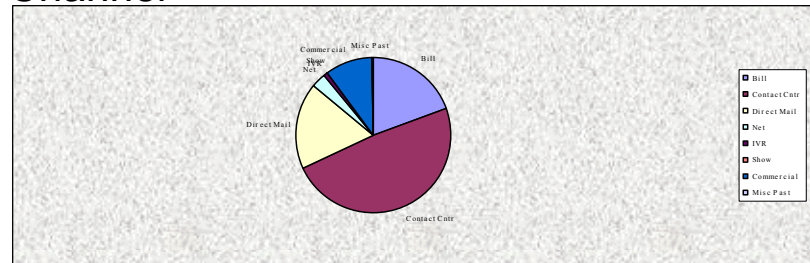
YTD Goal

Sep-04	
Monthly Summary	
Customers at 1st of month	27,943
Customers Added For Month	522
Drops	98
Drop %	0.35%
Per SAP, Adjusted ____ward by	
Net EOM enrollment per SAP	28,367
% of res customers @ 472,666	6.00%
Pending Processing	
Monthly Target	688
Monthly Achieved	424
Monthly Target To Go	264
% of Monthly Target Achieved	61.63%
Year-end target enrollment	
28,648	
% of Year-end target achieved	99.02%
# of Year-end target to go	281

Campaign



Channel



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Tracking Form - Weekly Sales

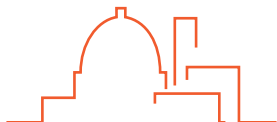
Monthly Results							
Campaign Code	Chnl	Tactic	Sept 1-6	Sept 7-13	Sept 14-20	Sept 21-27	
ADVERTISING							
Control	AD	Advertising - Radio Supporting Print					
Kings	AD	Advertising - Radio Supporting Kings					
Control	AD	Advertising - Radio Commercial					
Kings	AD	Advertising - Kings Sponsorship					
Kings	AD	Advertising - Kings Brochure					
Kings	AD	Advertising - Kings Fanfare					
Control	AD	Advertising - General					
Com	AD	Advertising - Ca Climate Actn Registry					
Control	AD	Advertising - Vehicle Wrap					
BILL PACKAGE							
Kings	BP	Bangtail - March 2004 Kings		1			
Jamba	BP	Bangtail - July 2004 - Jamba		14	4		
Control	BP	Bill Insert - January 2004 - No Offer					
Arden	BP	Bill Insert - September 2004 - Arden		4	28	9	
CONTACT CENTER							
Control	CC	Contact Center - General No Promo	10		11	7	
Jamba	CC	Contact Center - Jamba	101		77	51	
Arden	CC	Contact Center - Arden	16		46	29	
Kings	CC	Contact Center - Kings					
SPO	CC	Contact Center - Philharmonic					



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Tracking Form - Diagnostics

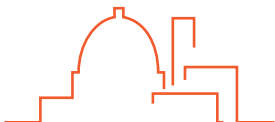
Diagnostics													
Gross response	Already on	Net new	2004 Total Net New	All Dates Net New	Historical / average sales	Response Rate	Retention Rate as % of Sales	Marketing \$	Fulfillment \$	TOTAL Cost	Gross Impressions	Cost /Sale	Cost / impression
N/A	N/A	N/A	N/A	N/A	N/A	NA	N/A	N/A	N/A	\$0.00		#VALUE!	#VALUE!
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$0.00		#VALUE!	#VALUE!
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$0.00		#VALUE!	#VALUE!
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$36,000.00	N/A	\$36,000.00	1,316,000	#VALUE!	0.027
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$1,716.00	N/A	\$1,716.00		#VALUE!	#DIV/0!
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$0.00	\$0.00	\$0.00		#VALUE!	#DIV/0!
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$0.00		#VALUE!	#VALUE!
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$0.00	N/A	\$0.00		#VALUE!	#DIV/0!
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$3,000.00	N/A	\$3,000.00		#VALUE!	#DIV/0!
1		1	429	429	634		0.00%	\$8,000.00	\$16.00	\$8,016.00	472,666	\$8,016.00	0.017
18		18	673	673	634	0.00%	0.00%	\$8,000.00	TBD	\$8,000.00	472,666	\$444.44	0.017
0		0	262	262	541	0.00%	#DIV/0!	\$0.00	\$0.00	\$0.00	472,666	#DIV/0!	0.000
41		41	41	41	541	0.01%	0.00%	\$0.00	TBD	\$0.00	472,666	\$0.00	0.000
28		28	427	1,017	590	0.03%	0.00%	\$192.08	\$0.00	\$192.08	100,000	\$6.86	0.002
229		229	1,479	1,479	262	0.23%	0.00%	\$1,570.94	TBD	\$1,570.94	100,000	\$6.86	0.016
91		91	485	3,121	2,788	0.09%	0.00%	\$624.26	TBD	\$624.26	100,000	\$6.86	0.006
0		0	1,153	2,925	1,772	0.00%	#DIV/0!	\$0.00	\$18,448.00	\$18,448.00	100,000	#DIV/0!	0.000
0		0	0	0	new	0.00%	#DIV/0!	\$0.00	\$0.00	\$0.00	100,000	#DIV/0!	0.000



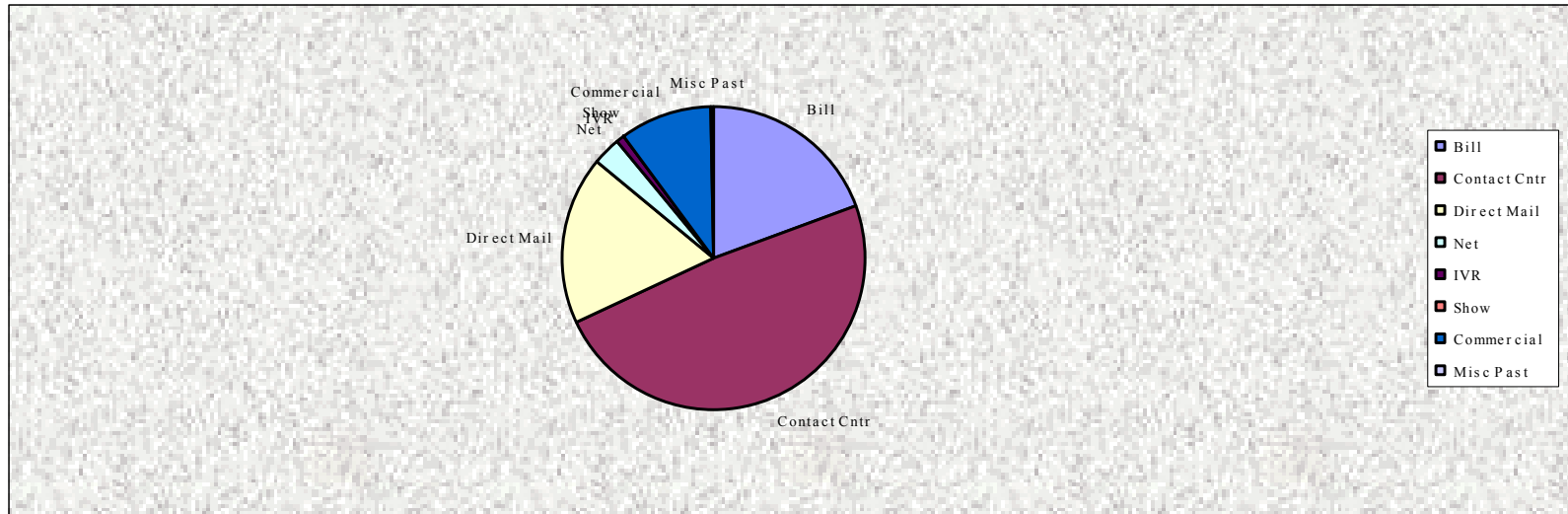
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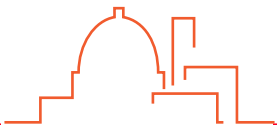
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Results – Our Heavy Hitters

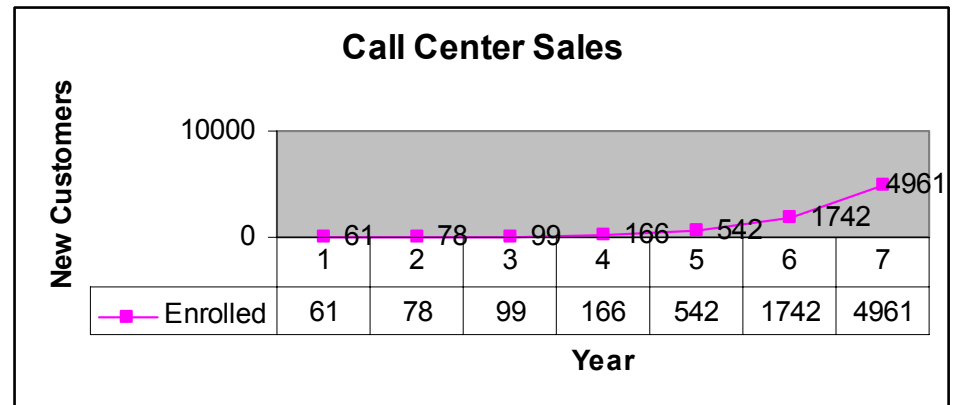


- Call Center (Inbound)
- Bill Package
- Retail Partnerships
- Direct mail



Call Center Detail

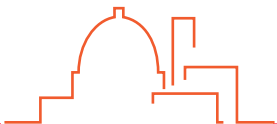
- Background
 - Greenergy introduced in 1997
 - Call center sales languished without formal development programs
 - Call center sales surged when a comprehensive program was developed with management support and incentives for CSR's who sell the program.



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Bill Package Detail

- Consistently strong performer
- Used for partnerships and program effort
- Only 12 months. 40 programs competing for them.



Choose renewable power
Free \$10 Arden Fair Gift Certificate
when you join SMUD's Greenery® for 6 months or more

Increase your buying power

When you join Greenery, you add \$3 or \$6 a month to your electric bill and SMUD matches 50% or 100% of your electricity needs with renewable power, like wind and solar, for use in the SMUD power system.

Plus, SMUD matches 40% of Greenery premiums with construction of new renewable power plants like the solar covered parking at Arden Fair Mall. They are generating electricity directly from the sun and Greenery customers make it possible.

ARDEN FAIR
"All roads lead to shopping."
Arden Fair "Works as shops by"

City sponsored advertisement of the Sacramento Municipal Utility District.

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Good for Business. Great for the Environment.

Join over 700 local businesses participating in SMUD's Commercial Greenery program to help ensure a healthier environment and brighter energy future.

SMUD will match your company's electricity use with power created from earth-friendly renewable resources like wind and sun.

Plus, SMUD matches 40% of Greenery premiums with investments in new sources of renewable power generation.

In addition to impacting the environment, your company will also:

- ✓ Be acknowledged by SMUD in print advertisements, on smud.org, and with on-site display materials for your business.
- ✓ Receive points for the Sacramento County Business Environmental Resource Center's (BERC) Green Business Program. Contact BERC at (916) 364-4110 or visit sacbers.org.

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Direct Mail

- Response rates have eroded
- Simple works
- Used for message testing and to even out marketing calendar



[mail date]

Dear [SMUD Customer]:

How to Make The Same Environmental Impact as Planting an Acre of Trees With a Stroke of Your Pen¹

Keep reading to find out how you can show your support for power plants that use alternative fuels like wind, sun or landfill gas. You'll help build a better energy future for Sacramento and have about the same environmental impact as planting an acre of trees or parking your car for eight months.²

- **Join more than 24,000 of your neighbors and welcome tomorrow by choosing renewable energy from SMUD.** Although the energy crisis closed many markets to competition, SMUD still gives customers choices about the energy we use to serve Sacramento. When you join Greenergy, SMUD matches up to 100% of your electric needs with purchases of electricity from wind, solar, landfill gas, or geothermal plants. (See the power content label on the back of this letter for a comparison between Greenergy resources and the standard California power mix.)
- **According to the U.S. EPA, a 12-month Greenergy membership at 100% is like planting one acre of trees or parking your car for one year,** since renewable resources produce significantly less air emissions than traditional power fuel sources. (See link at right)

Choose How Green You Want To Be:

- **100% Option** - For less than 20¢ a day (\$6 per month above your normal bill) we will match 100% of your energy needs with purchases of renewable resources for use on the SMUD power system.
- **50% Option** - For less than a dime a day (\$3 per month above your normal bill) we will match 50% of your energy needs with purchases of renewable resources for use on the SMUD power system.

Greenest Regards,

~*~*~

Jim Burke - Program Manager

PS - Enroll in SMUD's Greenergy and make your impact on the environment today!

Test Your Green Energy IQ Did You Know?

● According to the US EPA, fossil fuel power generation accounts for:

- 87% of SOX
- 87% of NOX
- 80% of man-made CO₂ in the USA

<http://www.greenergy.com/impact.htm>

● According to the US EPA's Power Profiler, joining Greenergy for 12 months has about the same impact on emissions as planting 1 acre of trees or parking a car for 8 months.

● Since 1997, the impact of Greenergy members has been like removing 17,751 SUVs from our roads for a year or planting 25,000 acres of trees.³

● The National Renewable Energy Lab ranks SMUD's Greenergy as a green power leader. <http://www.nrel.gov/energy/energyefficiency.htm>

● Greenergy power supply is certified by Green-E. <http://www.green-e.org>

¹ Assumes 100% Option at 12¢ @ 750 kWh per month. Your actual impact may vary.
² Since inception claim based on actual Greenergy power purchases since 1997.



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Retail Partnerships

- On display isn't good enough
- Right environment
- Response increases with more channels



Since 1997, the environmental impact of SMUD's GreenerySM program has been like removing more than 22,000 automobiles from the road for one year or planting over 35,000 acres of trees.*

SMUD's Greenery gives you the power to choose energy created by renewable resources like solar, wind, and landfill gas. For only \$6 or \$3 a month added to your electric bill, SMUD will match 100% or 50% of your electric needs with purchases of renewable energy for use on the SMUD power grid.

For a limited time, receive a FREE *Making a World of Difference* basketball when you enroll in SMUD's Greenery program for 6 months or more. SMUD's Greenery really does put the world in your hands.

You too can make an impact. Enroll in SMUD's Greenery today!
1-888-742-SMUD (7685)

* Claims based on actual Greenery program purchases since 1997. For more information, please refer to San Diego Power. Provide a link to the Greenery program website.

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Partnership Value

- Audited by IEG Valuation Service, the industry's leading authority on sponsorship valuation
 - Bangtails \$26K
 - Inserts \$26k
 - Newsletter mention \$17k
 - Simple partnership \$2k



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2004 Marketing Components

- Advertising – Cable
- Advertising – Print
- Advertising – Radio
- Call Center – Inbound
- Direct mail
- Earned Media
- Events
- Internet – Web and online bill pay
- IVR
- Retail Partnerships



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Greenergy.wmv



Speaker Evaluation

Return by FAX to 916.732.6331

❶ Please rate this presentation:

	Excellent	Good	Fair	Poor	Very Poor
Topic					
Speaker					

❷ What did you find most helpful?

❸ What could be improved?

❹ Optional Name/Org/Comments



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